UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3514

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August 9, 2004

Opposition No. 91156843

JEAN ALEXANDER COSMETICS, INC.

v.

L'OREAL USA CREATIVE, INC.[1]

Before Hanak, Rogers, and Drost, Administrative Trademark Judges.

By the Board:

On May 13, 2003, Jean Alexander Cosmetics, Inc. [JAC] filed a notice of opposition to application Serial No. 75057432 on the ground that applicant L'Oreal USA Creative, Inc.'s [LUCI] mark, shown below, when used on its hair care products, so resembles JAC's previously registered mark for the same or similar goods as to be likely to cause confusion.

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[1] The October 1, 2002 assignment of application Serial No. 75057432 from L'OREAL USA, INC. to L'OREAL USA CREATIVE, INC. is recorded with the U. S. Patent and Trademark Office Assignment Branch at Reel 2606, Frame 0990. Accordingly, the Board's institution and trial letter incorrectly listed applicant's predecessor as party defendant. The parties are ordered to use the above case title in future filings with the Board.

Registration No. 1790050	Application Serial No. 75057432
	
hair care preparations; namely, shampoo, conditioner, styling lotion, permanent wave, hair dressing (alleging use and use in commerce since July 5, 1990)	hair care products, namely shampoos, and hair color which are sold to and by professional hair dressers, stylists and salons (alleging use and use in commerce since 1988) swatch rings containing sample hair pieces of various colors (alleging use and use in commerce since 1992)

This case comes before the Board on LUCI's combined motion to amend its answer and for judgment on the pleadings, filed October 31, 2003, and JAC's motion to convert LUCI's motion to a motion for summary judgment, filed November 28, 2003. Both motions have been briefed, and both involve the question of whether the Board's decision in a prior cancellation proceeding between these parties should be given preclusive effect.

Procedural Matters

Preliminarily, we note that LUCI moves to amend its answer to add the affirmative defense of judicial estoppel to its existing affirmative defenses of res judicata and

collateral estoppel, and to seek entry of judgment on the affirmative defense of judicial estoppel. With regard to LUCI's motion to amend its answer, JAC filed a response specifically consenting thereto. Accordingly, LUCI's amended answer is accepted.

On November 28, 2003, thirty days after LUCI's motion for judgment on the pleadings was served, JAC filed a motion to convert the motion for judgment on the pleadings to a motion for summary judgment, and its response to LUCI's presumptive motion for summary judgment. LUCI filed an opposition which argued that the motion was a ploy to persuade the Board to accept a late response to the motion for judgment on the pleadings. Insofar as LUCI has submitted matters outside the pleadings, the Board will treat LUCI's motion for judgment on the pleadings as one for summary judgment under Fed. R. Civ. P. 56.[2] JAC's response to LUCI's motion for summary judgment, which

[2] In support of its motion for judgment on the pleadings, LUCI submitted the declaration of attorney Robert Sherman, and the pleadings and the Board's final order in Cancellation No. 92026649. In its opposition to JAC's motion to convert, LUCI ignores its submission of Mr. Sherman's declaration, and argues that the Board may take judicial notice of the pleadings and final orders.

However, it is well settled that the Board does not take judicial notice of the records of this Office. *In re The Clausen Co.*, 222 USPQ 455, 456 n.2 (TTAB 1984); *International Association of Lions Clubs v. Mars, Inc.*, 221 USPQ 187, 189 n.8 (TTAB 1984). Moreover, LUCI's motion for judgment on the pleadings does not ask that the Board take judicial notice of the pleadings and the Board's final order in Cancellation No. 92026649, but refers to the papers submitted with the motion.

accompanied JAC's motion to convert (and was thus received within 30 days of service of the motion for summary judgment) will be considered. *See* Trademark Rule 2.127(e)(1).

Background

On August 31, 1993, Registration No. 1790050 issued to JAC for the mark EQ SYSTEM and design for the hair care products listed above.

On August 15, 1997, Cosmair Inc., predecessor to LUCI, filed a petition to cancel Registration No. 1790050 for the mark EQ SYSTEM and design on the grounds of priority and likelihood of confusion, alleging that Cosmair Inc.'s application Serial No. 75057432 had been refused registration on the basis of Registration No. 1790050. The Board instituted Cancellation No. 92026649.[3] Following a trial, the Board issued its final decision holding that, because Cosmair Inc. was not permitted to "tack on" its dates of use for the earlier version of the mark, Cosmair

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In sum, LUCI submitted matters outside the pleadings with its motion, and JAC moved to convert the motion to one for summary judgment. In these circumstances, the Board's decision to treat the motion as a motion for summary judgment does not require further briefing by the parties. *See* TBMP §528.04.

[3] On June 21, 2000, in the course of the proceeding, Cosmair changed its name to L'Oreal USA, Inc. The name change is recorded with the USPTO Assignment Branch (Reel 2429, Frame 0352). As noted in footnote 1, L'Oreal USA, Inc. subsequently assigned application Serial No. 75057432 to the defendant in this case, L'Oreal USA Creative, Inc.

Inc. had not established priority of use. The Board's final decision also held that there were significant differences between the marks which, when applied to hair products, were neither unique nor arbitrary, that there was six years of co-existence without actual confusion, and that the testimony of witnesses for both parties indicated that confusion might be possible but was hardly likely, and that there was no likelihood of confusion between JAC's mark and Cosmair's original and modernized marks. Accordingly, the Board's final decision denied the petition to cancel on the ground that Cosmair had established neither priority of use nor likelihood of confusion.

Following the Board's decision in Cancellation No. 92026649, and the assignment of the application, the examining attorney withdrew the refusal to register LUCI's mark based on likelihood of confusion with JAC's registered mark, and approved the application for publication in the *Official Gazette*. Application Serial No. 75057432 published for opposition on January 14, 2003. After receiving extensions of its time in which to do so, on May 13, 2003, JAC filed a notice of opposition on the ground that LUCI's mark, when used on its hair care products, so resembles JAC's previously registered mark for the same or similar goods as to be likely to cause confusion.

Motion For Summary Judgment

The Board now takes up the question of whether LUCI is entitled to summary judgment on the ground that the Board's finding in Cancellation No. 92026649 that there is no likelihood of confusion between LUCI's mark SHADES EQ and design, the subject of application Serial No. 75057432, and JAC's mark EQ SYSTEM and design, the subject of Registration No. 1790050, precludes consideration of the claim now brought by JAC, namely that there is a likelihood of confusion between the two marks.

As noted above, in support of its position that JAC is estopped from bringing the notice of opposition, LUCI has submitted the declaration of attorney Robert Sherman, and the pleadings and the Board's final order in Cancellation No. 92026649. JAC, on the other hand, contends that the prior Board decision should have no preclusive effect here. JAC argues that it has never taken the position that there was no likelihood of confusion between the parties' marks, that the parties' positions were reversed in the prior proceeding and JAC had no burden to demonstrate likelihood of confusion, and that JAC's role in the prior proceeding was limited to pointing out that LUCI's predecessor had failed to carry its burden of proof. JAC also argues that, because LUCI's predecessor failed to establish priority in the prior proceeding, the determination that there was no

likelihood of confusion was not necessary to the Board's judgment. In support of its position, JAC submitted a copy of its trial brief filed in Cancellation No. 92026649, which includes a section in which JAC asserts that LUCI has not produced sufficient evidence to demonstrate likelihood of confusion.

Application of Estoppel

As noted, LUCI has asserted the affirmative defenses of res judicata (or claim preclusion), collateral estoppel (or issue preclusion), and judicial estoppel (preclusion of inconsistent legal positions). Trademark Act Section 19 specifically allows for the application of estoppel in *inter partes* Board proceedings. See 15 U.S.C. §1069.[4] All three are judge-made doctrines, based on common law equitable principles. *See* Wright & Miller, 18 Fed. Prac. & Proc., Juris. 2d §4403 (2004). As such, consideration of the defenses is within the court or the Board's discretion. *See Vitaline Corp. v. General Mills, Inc.,* 891 F.2d 273, 13 USPQ2d 1172 (Fed. Cir. 1989)*; Boston Chicken Inc. v. Boston Pizza International Inc.*, 53 USPQ2d 1053 (TTAB 1999); Wright & Miller, 18 Fed. Prac. & Proc., Juris. 2d §4405 (2004)("[A] court may raise the question on its own motion."). The

[4] Trademark Act Section 19 states:
In all inter partes proceedings equitable principles of laches, estoppel, and acquiescence, where applicable, may be considered and applied.

Board will exercise its discretion and consider whether the Board's earlier judgment precludes this action.

Under the doctrine of claim preclusion, "a judgment on the merits in a prior suit bars a second suit involving the same parties or their privies based on the same cause of action." *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 326 n. 5, 99 S.Ct. 645, 58 L.Ed. 2d 552 (1979); *Jet Inc. v. Sewage Aeration Systems,* 223 F.3d 1360, 55 USPQ2d 1854 (Fed. Cir. 2000). Because the earlier proceeding involved the cause of action brought by LUCI to cancel JAC's mark, and the instant proceeding involves the cause of action brought by JAC to oppose registration of LUCI's mark, the cause of action is not the same in the two proceedings.[5]

Issue preclusion, as distinguished from claim preclusion, does not include any requirement that the claim (or cause of action) be the same: "[W]hen an issue of fact or law is actually litigated and determined by a valid and final judgment, and the determination is essential to the

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[5] Preclusion of the cause of action, or claim, occurs:

> When a valid and final judgment rendered in an action extinguishes the plaintiff's claim pursuant to the rules of merger or bar, the claim extinguished includes all rights of the plaintiff to remedies against the defendant with respect to all or any part of the transaction, or series of connected transactions, out of which the action arose.

See Vitaline Corp., supra at 275, *quoting* Restatement (Second) of Judgments §24(1)(1982).

judgment, the determination is conclusive in a subsequent action between the parties, whether in the same or a different claim". *Restatement (Second) of Judgments* §27 (1982). *See also Mother's Restaurant, Inc. v. Mama's Pizza, Inc.*, 723 F.2d 1566, 221 USPQ 394 (Fed. Cir. 1983). The requirements which must be met for issue preclusion are:

> (1) the issue to be determined must be identical to the issue involved in the prior action;
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> (2) the issue must have been raised, litigated and actually adjudged in the prior action;
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> (3) the determination of the issue must have been necessary and essential to the resulting judgment; and
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> (4) the party precluded must have been fully represented in the prior action.

Mother's Restaurant Inc. v. Mama's Pizza, Inc., supra; Marc A. Bergsman, *TIPS FROM THE TTAB: The Effect of Board Decisions in Civil Actions; Claim Preclusion and Issue Preclusion in Board Proceedings*, 80 Trademark Rep. 540 (1990).

The first two of the four required elements are clearly present in this case. In Cancellation No. 92026649, the Board determined the issues of priority of use and likelihood of confusion between the marks in Application Serial No. 75057432 and Registration No. 1790050, and those identical issues are raised in the notice of opposition.

Following trial, Cancellation No. 92026649 concluded with a final order deciding the pleaded issues, and thus priority and likelihood of confusion were raised, litigated, and adjudged by the Board.

JAC disputes that the latter two requirements were met. To the extent that issue preclusion requires a full and fair opportunity to litigate the issue to be precluded, JAC argues that it was not fully represented in the prior action. Specifically, JAC contends (Opposer's Memorandum in Opposition to Summary Judgment, p.1):

> [LUCI] is not entitled to summary judgment based on Judicial Estoppel, Collateral Estoppel, or Res Judicata because [JAC] did not take the position in the prior cancellation proceeding that [JAC's] mark EQ SYSTEM and [LUCI's] mark SHADES EQ were confusingly similar.

Rather, JAC contends, JAC maintained the consistent position that LUCI lacked priority and failed to establish likelihood of confusion, points adopted by the Board in its final order. JAC argues that this order should not "deny [JAC] the right to successfully and competently prove that which [LUCI] was unable to prove on its own, the manifest likelihood of confusion between [the parties' marks]."

However, the standard for issue preclusion is not whether the parties actually advanced all possible evidence and arguments in the prior proceeding, but whether they were afforded the opportunity to do so. "To preclude parties

from contesting matters that they have had a full and fair opportunity to litigate protects their adversaries from the expense and vexation attending multiple lawsuits, conserves judicial resources, and fosters reliance on judicial action by minimizing the possibility of inconsistent decisions." *Montana v. United States*, 440 U.S. 147, 153-154, 99 S.Ct. 970, 59 L. Ed. 2d 210 (1979).

JAC also contends that issue preclusion is inapplicable because the Board's determination of likelihood of confusion was mere dicta, and not necessary to the Board's judgment in Cancellation No. 92026649. Specifically, JAC argues that the Board's determination that LUCI failed to establish priority made moot the determination of likelihood of confusion. At the outset, it is important to note that the requirement that a finding be "necessary" to a judgment does not mean that the finding must be so crucial that, without it, the judgment could not stand. Rather, the purpose of the requirement is to prevent the incidental or collateral determination of a nonessential issue from precluding reconsideration of that issue in later litigation. *See Mother's Restaurant Inc. v. Mama's Pizza, Inc.*, *supra,* at 1571, *citing Restatement (Second) of Judgments* §27 comment h (1982).

Accordingly, the Board will consider the earlier proceeding between the parties to determine whether JAC had

a full and fair opportunity to try the issue of likelihood of confusion such that JAC is considered to have been "fully represented" in that proceeding, and whether the trial of the likelihood of confusion issue was such that it should be deemed necessary to the Board's judgment in the cancellation proceeding.

Cancellation No. 92026649

In the earlier action, JAC filed its answer denying the allegations of priority and likelihood of confusion between the marks in Application Serial No. 75057432 and Registration No. 1790050, participated in discovery, cross-examined Cosmair's witnesses, submitted trial evidence, briefed the case on the merits, and attended an oral hearing before the Board. In its final decision in Cancellation No. 9202664, the Board specified that the record comprised the involved registration and application files; the trial testimony depositions, with accompanying exhibits, of corporate officers for both parties, a corporate officer for a third party salon company, and JAC's chemist; Cosmair's notice of reliance on the discovery depositions, with accompanying exhibits, of JAC's chief executive officer; portions of the discovery deposition of a senior vice president of Cosmair; JAC's notice of reliance upon JAC's responses to interrogatories; excerpts from the publication *Modern Salon*; and dictionary definitions.

With respect to priority, the Board determined that Cosmair's earlier version of its mark, in use since 1988, was not the legal equivalent of its current version, modernized around 1992 and the subject of the instant application, and that Cosmair was not permitted to "tack on" its dates of use for the earlier version of the mark. The Board concluded that Cosmair had not established priority of use of the mark shown in the application with respect to JAC's date of first use in its registration, July 5, 1990.

With respect to the determination of likelihood of confusion, the Board considered the evidentiary factors set out in *In re E.I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (CCPA 1973). When evaluating whether the marks of the parties are similar, the Board considered both versions of Cosmair's mark "in case on further review, it is determined that petitioner's original and modernized marks are legal equivalents." The Board found that while all three design marks featured the same two letters EQ, the parties' marks had significant differences in sound, appearance, meaning, and commercial impression. Citing the testimony of each party in its evaluation of the meaning of the marks, the Board found that EQ SHADES "suggests color shades that are equalized when applied to hair" and that EQ SYSTEM "suggests a system that keeps hair in equilibrium with the right balance of hair care products." In its

consideration of the relationship between the goods of the two parties, the Board found that the parties used the marks on identical or related hair care products. The Board specifically addressed "the opinion and attitudes of the parties in regard to the issue of likelihood of confusion." The Board found that the witnesses of the parties testified that confusion is unlikely or the witnesses were equivocal about the likelihood of confusion. The Board also noted that neither party testified that there were any instances of actual confusion. The Board considered the overlap between some of the goods of the parties, the extensive promotion by Cosmair, and the significant differences between the marks which, when applied to hair products are neither unique nor arbitrary, the six years of co-existence without actual confusion, and the testimony of parties' witnesses which indicated that confusion might be possible, but was hardly likely. After considering all the evidence, and weighing all the relevant Dupont factors, the Board concluded that there was no likelihood of confusion between JAC's mark and Cosmair's original and modernized marks. Accordingly, the Board denied the petition to cancel on the ground that Cosmair had established neither priority of use nor likelihood of confusion.

"[A]n inter partes decision of the Trademark Board, whether reviewed by the Federal Circuit or not, must be

carefully examined to determine exactly what was decided and on what evidentiary basis.... [W]here the Trademark Board has indeed compared conflicting marks in their entire marketplace context, the factual basis for the likelihood of confusion issue is the same, the issues are the same, and collateral estoppel is appropriate." 5 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition, §32:101 (4th ed. 2004). Here, the Board made detailed and specific findings in its determination of both priority and likelihood of confusion, and the determination of no likelihood of confusion in the market place was necessary to the final judgment. This is not a case where the Board made incidental determinations on an issue which was not before it. The issue of likelihood of confusion was the focus of the parties' pleadings and was fully litigated before the Board. *See Mother's Restaurant Inc. v. Mama's Pizza, Inc.*, *supra*, at 1571.

LUCI's Motion For Summary Judgment GRANTED

After careful review of the record and the applicable law, the Board finds that there is no genuine issue of material fact, and that LUCI is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c). The pleaded affirmative defense of issue preclusion applies here, and the Board's final decision in Cancellation No. 92026649 finding no likelihood of confusion between the parties'

marks bars relitigation of that issue.[6] Summary judgment is entered for LUCI, and the opposition is dismissed with prejudice.

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[6] Accordingly, we need not reach the issue of whether judicial estoppel is also applicable to this proceeding.